

STATE OF TENNESSEE
DEPARTMENT OF FINANCIAL INSTITUTIONS

IN THE MATTER OF:)
)
AMERICAN HOME MORTGAGE)
CORP.)
)
AMERICAN HOME MORTGAGE)
ACCEPTANCE, INC.)
)
AMERICAN HOME MORTGAGE)
SERVICING, INC.)
)
AMERICAN HOME MORTGAGE)
VENTURES, LLC)

EMERGENCY CEASE AND DESIST ORDER

The Commissioner of the Tennessee Department of Financial Institutions (the “Commissioner”), having determined that he has reason to believe that American Home Mortgage Corp., American Home Mortgage Acceptance, Inc., American Home Mortgage Servicing, Inc., and American Home Mortgage Ventures, LLC (hereinafter referred to collectively as the “Respondents”) have violated and are violating the Tennessee Residential Lending, Brokerage and Servicing Act of 1988, Tenn. Code Ann. §§ 45-13-101, *et seq.* (the “Act”), and that extraordinary circumstances warrant immediate action, hereby issues the following EMERGENCY CEASE AND DESIST ORDER pursuant to Tenn. Code Ann. §§ 45-1-107(a)(4) and (c), and Tenn. Code Ann. § 45-13-116.

JURISDICTION AND IDENTIFICATION OF THE PARTIES

1. Pursuant to Tenn. Code Ann. § 45-1-104, the Tennessee Department of Financial Institutions (the “Department”) is charged with the execution of all laws relative to persons doing or engaged in a banking or other business as provided in Title 45 of the Tennessee Code.

2. Tenn. Code Ann. § 45-1-107(a)(4) provides that, in addition to other powers conferred by Title 45 of the Tennessee Code, the Commissioner has the power to order any person to cease violating a provision of Title 45 of the Tennessee Code or lawful regulation issued thereunder, and Tenn. Code Ann. § 45-13-116 provides that if, after notice and opportunity for a hearing, the Commissioner finds that a person has violated the Act or administrative rule issued pursuant to the Act, the Commissioner may take any or all of certain actions, one of which is to order the person to cease and desist violating the Act or any administrative rule issued pursuant to the Act.

3. Under Tenn. Code Ann. §§ 45-1-107(c), notice and opportunity for a hearing shall be provided in advance of the Commissioner issuing such an order, except that in cases involving extraordinary circumstances requiring immediate action, the Commissioner may take such action but shall promptly afford a subsequent hearing upon application to rescind the action taken.

4. American Home Mortgage Corp. (“AHM”) is a New York for-profit corporation, authorized to do business in Tennessee, with its principal office located at 538 Broadhollow Road, Melville, NY 11747, and its registered agent in Tennessee is Corporation Service Company, 2908 Poston Avenue, Nashville, TN 37203. AHM is currently registered with the Department as a mortgage lender and a mortgage loan broker under the Act, having been issued certificate of registration #1285.

5. American Home Mortgage Acceptance, Inc. (“AHM Acceptance”) is a Maryland for-profit corporation, authorized to do business in Tennessee, with its principal office located at 538 Broadhollow Road, Melville, NY 11747, and its registered agent in Tennessee is Corporation Service Company, 2908 Poston Avenue, Nashville, TN 37929-9710. AHM Acceptance is currently registered with the Department as a mortgage lender, a mortgage loan broker, and a mortgage loan servicer under the Act, having been issued certificate of registration #2549.

6. American Home Mortgage Servicing, Inc. (“AHM Servicing”) is a Maryland for-profit corporation, authorized to do business in Tennessee, with its principal office located at 4600 Regent Boulevard, Irving, TX 75063, and its registered agent in Tennessee is Corporation Service Company, 2908 Poston Avenue, Nashville, TN 37203. AHM Servicing is currently registered with the Department as a mortgage lender, a mortgage loan broker, and a mortgage loan servicer under the Act, having been issued certificate of registration #692.

7. American Home Mortgage Ventures, LLC (“AHM Ventures”) is a Delaware for-profit limited liability company, authorized to do business in Tennessee, with its principal office located at 538 Broadhollow Road, Melville, NY 11747, and its registered agent in Tennessee is Corporation Service Company, 2908 Poston Avenue, Nashville, TN 37203. AHM Ventures is currently licensed with the Department as a mortgage lender and a mortgage loan broker under the Act, having been issued license #3497.

8. On information and belief, the Respondents are all affiliated through common ownership and/or common officers and/or directors and/or members.

FACTUAL ALLEGATIONS

9. The factual allegations contained herein are based upon information that the Department has learned and gathered through media reports, public filings by at least one of the Respondents, communications with at least one of the Respondents, and examination of some of the records of at least one of the Respondents.

10. As of August 1, 2007, the Respondents had a combined total of at least 53 residential mortgage loans involving Tennessee consumers and/or Tennessee real property in some stage of processing (so-called loans in the “pipeline”).

11. None of the Respondents has the ability, at present or in the foreseeable future, to fund any of the loans in the pipeline.

12. The Respondents continued to accept mortgage loans in Tennessee for processing when they knew or should have known that they would be unable to close and fund the loans.

13. Pursuant to a conference call with officers of and counsel for the Respondents on August 1, 2007, the Respondents have admitted that they are unable to fund any mortgage loans at this time.

14. On August 2, 2007, the Department was informed by the manager of one of the Respondents' branch offices in Tennessee that at least one (1) residential mortgage loan originated through that office, and which loan was to be funded by one of the Respondents, was recently closed but remains unfunded.

15. On August 2, 2007, the Department received a written complaint from an individual borrower under a residential mortgage loan originated through one of the Respondents' branch offices in Tennessee, which loan was to be funded by one of the

Respondents. The complaint alleges, and the supporting documentation filed with the complaint appears to substantiate, that the loan was scheduled to close on July 31, 2007, but that the borrower was notified on that date of the cancellation of the closing due to the applicable Respondent's inability to fund the loan.

16. Tenn. Code Ann. § 45-13-108 provides that the Commissioner may suspend or revoke any license or registration issued under the Act if the Commissioner finds that the licensee or registrant is guilty of any of certain enumerated acts, each of which thus constitutes a violation of the Act.

17. Pursuant to Tenn. Code Ann. § 45-13-108(a)(2), conduct of a manner which would warrant the denial of an application for a license or registration is a violation of the Act, and Tenn. Code Ann. § 45-13-105(a) provides, among other things, that in order for an applicant to qualify for a license or registration under the Act, the Commissioner must find that the applicant has the financial responsibility to warrant the belief that the business of the applicant will be operated lawfully and within the purposes of the Act. The factual allegations demonstrate that the required financial responsibility is lacking.

18. Pursuant to Tenn. Code Ann. § 45-13-108(a)(9), failure to disburse funds in accordance with a written agreement is a violation of the Act. The failure of the applicable Respondent to have funded the closed loans referenced in paragraph 14 above is thus a violation of the Act.

19. The likelihood exists that Tennessee consumers dealing with the Respondents may suffer irreparable harm, in that the Respondents do not have the current ability to fund any mortgage loans; therefore, these extraordinary circumstances require immediate action by the Department.

EMERGENCY ORDER

Having considered the factual allegations, the Commissioner has determined that the Respondents have violated and are violating the Act, and that extraordinary circumstances warrant immediate action.

IT IS HEREBY ORDERED that each of the Respondents shall immediately cease and desist from engaging in business as a mortgage lender or mortgage loan broker with respect to any Tennessee consumers and/or residential real property located in Tennessee, except as expressly provided herein, until such time as any of the Respondents is able to satisfactorily demonstrate to the Commissioner that it is able to engage in business lawfully and within the purposes of the Act.

IT IS HEREBY FURTHER ORDERED that each of the Respondents shall fully comply with all of the obligations to each individual who has a mortgage loan currently pending, approved, or closed but not funded, with any of the Respondents, including, but not limited to, making every reasonable effort, at no cost to any of such individuals, to cause such loans to be placed with another authorized mortgage loan broker or authorized mortgage lender so that the transactions may be completed. The Respondents shall notify the Department of all such efforts and the resolution of each affected loan.

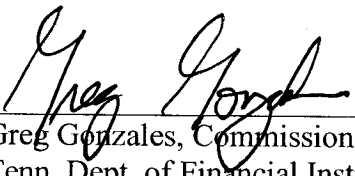
The provisions of this ORDER shall remain in full force and effect unless and until such time as any provision shall have been modified, terminated, suspended or set aside by the Commissioner, an administrative judge, or any court having jurisdiction over the matters addressed herein.

RIGHTS OF THE RESPONDENTS

The Respondents have the right to a hearing for the purpose of contesting and obtaining rescission of this ORDER. If a separate hearing is timely requested by the Respondents, any such hearing shall be conducted in accordance with the Uniform Administrative Procedures Act, Tenn. Code Ann. §§ 4-5-101, *et seq.*, and Chapter 0180-6 of the Rules of the Department.

In order to request a hearing, the Respondents must file a written request within twenty (20) days from receipt of this ORDER. If no such written request is timely filed, then this EMERGENCY CEASE AND DESIST ORDER will be deemed final for all purposes. Any written request for a hearing must be filed with the Commissioner, Tennessee Department of Financial Institutions, Nashville City Center, 511 Union Street, 4th Floor, Nashville, TN 37219.

ISSUED this 2 day of August, 2007.



Greg Gonzales, Commissioner
Tenn. Dept. of Financial Institutions